THE
Agricultural Situation

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A Word For the "Little" Farmer

MANY PERSONS consider our small-scale farms to be of little economic value, and therefore of little importance to the Nation. Some may go so far as to contend that because low-income farmers produce such a small part of our total agricultural output, they should receive little, if any, consideration in our programs of agricultural research, conservation, and assistance.

The little farmer, however, is a part of the warp and woof of our citizenship. His importance is recognized by the Department of Agriculture and by responsible leaders in our government.

It is true that in 1949 these 3⅓ million farms produced only 11 percent of our agricultural production for sale. But it is true also that these small farms produced much of the food used by the 13 million people who occupied them and enough additional food and fiber to support about 15 million off-farm persons, at average consumption rates. And while we must admit that these so-called farms as a group are low on the scale of efficient agricultural production, we cannot overlook their great value as places to live for millions of low-income persons.

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In 1950, the Bureau of the Census listed 3.3 million farms where family gross incomes *from farming* were less than $2,500 in 1949. These farms made up more than 60 percent of all farms at that time and reported a population of about 13 million people of all ages.

In a way, all of these farms, as now operated, are small places. They are small in the sense that the acres are too few to produce enough for a good family living, or in the sense that much of the land is rough, not very productive, and not suitable for efficient mechanization. Many of them are small in the sense that little income is realized for the great amount of time and hard work put into their operation.

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Many of these small farms are rural homes for retired persons who no longer are able to work at full capacity in agriculture or industry, and many of them are operated by part-time farm-

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ers with one or more members of the family working off-farm to some extent . . . for wages, or in their own business. Unfortunately, a large number of these small farms are occupied by families whose incomes are obtained entirely, or almost so, from their farming operations. Many of them are the folks who need constructive help to increase their incomes from farming.

Viewed in a broad national setting, betterment of the lot of our small farmers would result in *some* additional agricultural production, much desired at times; and it would also contribute to a more contented and better educated citizenry.

From families who live in our low-income rural areas come large numbers of good city workers, prominent industrial and government officials, and perhaps more importantly now, good American citizens who help solve our problems both at home and abroad. As a matter of fact, their contribution to total agricultural production is the lesser of all reasons why they are deserving of full consideration in any plans developed to benefit farm people.

Two Ways To Help

Two general lines of activity can be undertaken which will benefit these low-income farmers (1) stimulate in them a desire to improve their lot through education and application of the ability they possess, which very often is quite considerable, and (2) establish programs of research, educa-

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Outlook Highlights

. . . APRIL 1954

PRICES RECEIVED by farmers have been generally steady since the first of the year. Farmers' sales in January and February, about the same volume or quantity as a year earlier, brought $4.6 billion, close to the total in the same period of 1953.

The farm price-cost situation, as the planting season begins this spring, is about the same as it was a year ago, and at mid-March there was no indication of any material change for better or for worse. Index of prices *paid* by farmers for production goods, interest, taxes, and wage rates in March was off 1 percent from a year earlier. This compares with the 3 percent decline in the index of prices *received* by farmers during the same 12 months.

It is of interest, of course, to look a little beyond the *general* price and *general* cost levels. Some prices change more than others. For instance, we find that a farmer this spring can buy, on the average, as much seed for 90 cents as he paid a dollar for last year. For the farmer buying them, feeder and stocker cattle, calves and lambs cost him less, but hogs considerably more. Chick prices are up but turkey poults are down. Feed prices have been averaging about 6 percent lower this spring than a year ago.

Credit is more expensive this spring, since interest rates have risen an average of about 9 percent during the past year. Farm real estate taxes are up about 5 percent and farm wage rates and prices of most of the industrial products farmers buy are running slightly higher than last spring.

Although the costs of running a farm are down a little, on the whole, from a year ago, the cost of living is still up. Items bought by farm families for living have been averaging above a year ago, and close to the highest point ever reached.

Livestock

Prices for hogs are expected to stay relatively high through this year.

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Dairy Farmers Under Reduced Price Supports

DURING MOST YEARS since the end of World War II, dairy products have had some sort of price support from the U. S. Department of Agriculture, and for the past 16 months prices of dairy products have rested heavily on these supports. In what sort of a situation will dairy farmers find themselves this year under the new price supports that have just gone into effect?

With prices in 1954 at 75 percent of parity, the decline in prices to farmers for dairy products from 1953 to 1954 probably will be no greater than the declines which took place from 1952 to 1953.

The support prices for milk and butterfat for the marketing year beginning April 1 are 75 percent of parity, compared with the 90 percent of parity in the 2 preceding marketing years. To achieve the support levels, the Department will continue to purchase butter, American cheese and nonfat dry milk solids. The national average support price for manufacturing milk in the 12 months beginning April 1 will be $3.14 per 100 pounds for milk testing 3.95 percent butterfat. This compares with a support level for the marketing year ending March 31 of $3.74 per 100 pounds. The support level for butterfat in the marketing year now beginning will be 56 cents per pound compared with 67.3 cents per pound in effect for the marketing year ending March 31.

Actual prices received by farmers, however, should not show as large reductions inasmuch as prices averaged below support levels in the past marketing year. In the 12 months ending March 31, farmers actually received only 83 percent of parity for manufacturing milk and 87 percent of parity for butterfat. The averages of actual prices were $3.47 per 100 pounds for manufacturing milk and 65.2 cents per pound for butterfat. Hence, the decline from the actual average price in the marketing year 1953–54 to the support level this marketing year will be about 33 cents per 100 pounds for manufacturing milk and 9 cents per pound for butterfat.

Effects To Vary With Different Types of Dairying

The effects of the drop in support levels will vary among farmers depending upon their outlet for milk. Those farmers selling *butterfat* will experience a decline in gross income from the dairy enterprise of about 14 percent, assuming they sell the same quantity this marketing year as last. Most farmers selling butterfat have alternative and usually more important sources of income. Sales of butterfat have declined considerably over the past two decades and in 1953 accounted for only about 18 percent, milk equivalent, of all milk products sold from farms, and only about 11 percent of total cash receipts from dairy products. The census of 1950 showed 862,000 farms selling butterfat.

A decline of 33 cents per 100 pounds for *manufacturing milk* will mean a decline of about 10 percent in gross returns to the dairy enterprise to those farmers selling only in a manufacturing milk outlet, assuming the same quantity is sold this year as last. Most farmers selling manufacturing milk specialize somewhat more in dairying than do sellers of butterfat, but these farmers also have alternative sources of income. Separate data are not available on the number of farmers selling exclusively in a manufacturing milk outlet. In 1953 about 36 billion pounds of milk were used in the production of manufactured dairy products. The farm value of this milk was about 1.3 billion dollars, or about 30 percent of the total cash receipts from the sale of dairy products.

Effects on Fluid Producers

The effects of the decline in support prices on those farmers selling *milk for*

fluid use will vary considerably among markets, due to differences in local conditions under which prices are established and in differences in the pattern of milk utilization.

In those fluid milk markets where prices are adjusted directly with movements in prices of manufacturing milk or of manufactured dairy products, there will be a downward adjustment in class I prices of 35 to 45 cents per 100 pounds. In those markets whose prices are established by more general types of economic formulas, class I prices will not be immediately affected by the drop in supports. In a number of these Order Markets, milk prices declined substantially in the past year, since supplies greatly exceeded consumption in fluid form.

Federal orders are in effect in 49 markets at the present time and about 30 percent of the nonfarm milk consumed takes place in areas under the jurisdiction of these marketing orders. Another one-third of the annual consumption of milk occurs in areas under the jurisdiction of State milk price control authorities. Here there will be a wide range in price changes as a result of the price support drop, ranging from nothing to the full 35 cents or so per 100 pounds. In the many remaining markets of the country where prices are established by negotiations between dealers and representatives of producers, there will be a wide range in price adjustments from practically no change to the equivalent of full amount of the drop in support level.

In most fluid milk markets a substantial part of milk delivered ends up in factory products. The price on that portion of the milk used in factory products will decline in the neighborhood of 35 cents per 100 pounds. Returns to farmers selling milk in fluid milk markets are influenced also by the relative amounts of the milk that ends up in factory and fluid uses, respectively. The price for both the factory and fresh consumption components could decline 10 percent, but if an increased quantity is channeled to the lower priced (*factory*) outlet, the blend price paid to farmers would drop by more than 10 percent. With the prospective increase in milk flow, it is probable that there will be a continued relatively heavy use of milk in factory products in most major cities.

Many farmers apparently plan to produce and sell more milk in 1954 than in 1953. An increase in volume would tend to lessen the effects of the drop in supports on farm income. For the calendar year 1954 as a whole, it is likely that cash receipts from the sale of dairy products will be around 4 billion dollars. This compares with 4.3 billions received in 1953 and 4.6 billion dollars received in 1952.

Measured Against Other Kinds of Farming

In 1954 the average price received by farmers for all milk delivered to plants and dealers will be the lowest since the end of the war, except possibly for 1949 and 1950. The price for butterfat of around 56 cents will be the lowest since the 50.3 cents received by farmers in 1945 under ceilings. The prospective price to farmers for dairy products during 1954 will be considerably below average in comparison with prices received for hogs. However, in comparison with prices received by farmers for beef cattle, returns for dairy products will be closely in line with the long-time average. In relation to feed prices, prices received for both milk and butterfat during 1954 are almost certain to be substantially below their long-time averages.

Although prices received by farmers for milk and butterfat have declined in the past year to year and a half, prices for these items have not declined as much as prices for some alternative products, particularly beef cattle. This is partly responsible for farmers increasing the number of milk cows 6 percent in the past 2 years and providing a basis on many farms for expansion of milk production and, overall, to delay adjustments to a lower level of prices. The effects of lower dairy product-feed price ratios are partly offset by several developments, including improved quality cows, better roughages and better pastures. Hence, production of milk again will be large this year, possibly reaching the neighborhood of 124 billion pounds as compared with 121 billion pounds in 1953 and 115 billion pounds in 1952. In the

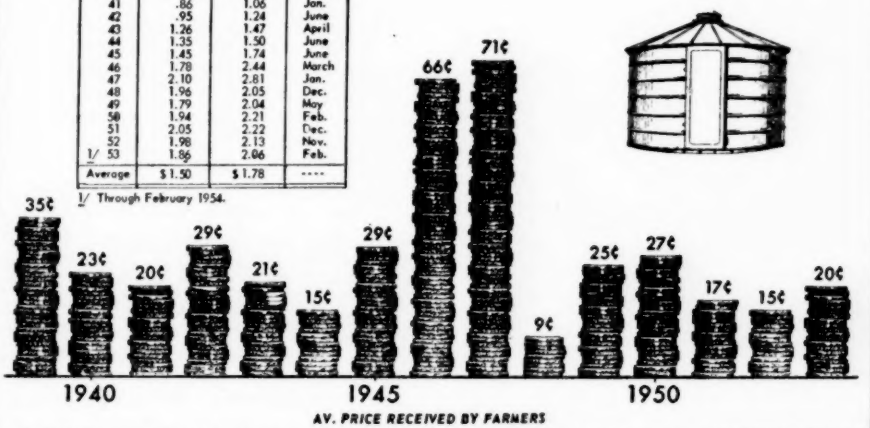
(*Continued on page 16*)

FARMERS' GAIN FROM STORING WHEAT

Price Rise Per Bushel from Low Month of Harvest Period

CROP	LOW HARVEST PRICE	TOP PRICE AFTER HARVEST	MONTH OF TOP PRICE
1939	$ .54	$ .89	April
40	.60	.83	June
41	.86	1.06	Jan.
42	.95	1.24	June
43	1.26	1.47	April
44	1.35	1.50	June
45	1.45	1.74	June
46	1.78	2.44	March
47	2.10	2.81	Jan.
48	1.96	2.05	Dec.
49	1.79	2.04	May
50	1.94	2.21	Feb.
51	2.05	2.22	Dec.
52	1.98	2.13	Nov.
1/ 53	1.86	2.06	Feb.
Average	$1.50	$1.78	----

1/ Through February 1954.



AV. PRICE RECEIVED BY FARMERS

U. S. DEPARTMENT OF AGRICULTURE NEG. 496-54(3) AGRICULTURAL MARKETING SERVICE

THE ABOVE CHART shows how the price of wheat has been going up a few months after harvest each year. For the past 15 years, farmers who avoided pushing their wheat on the market during the harvest period found that the price per bushel was considerably higher later in the marketing year.

For 2 years, the difference was as much as 66 and 71 cents a bushel; 1 year it was only 9 cents; but in other years the rise was something like 21 cents, 29 cents, or 35 cents a bushel.

This means that many farmers who dumped their wheat on the glutted market as soon as it was harvested got a great deal less for it than they would have gotten if they had been in a position to put their wheat in storage.

If this has been so in past years, it is likely to be *more so* this year because of the extraordinary carryover of wheat . . . amounting to more than 800 million bushels. To this record carryover, the new crop will have to be added. Size of the new crop could be about average, or maybe not so large depending upon the weather, but in any case total supplies will be very large. Without concerted action of all farmers, warehousemen, and others interested in wheat, the market could be glutted worse than at any harvest time in recent history. (Farmers, of course, will want to compare any gains in price with the costs of storing wheat for several months, taking into consideration local and regional differences.)

Key to Problem Is Storage Space

Orderly marketing during the coming harvest will be called for as never before, and this means storage. Wheat is a crop that, when properly stored, can be kept for many months and for years. Favorable also is the fact that farmers who cooperate with the Government on acreage allotments and marketing quotas this year are assured 90 percent of parity—provided, of course, that the wheat to be supported is properly stored. *But lack of storage space, this year, may be a serious problem.* As was pointed out in last month's issue of the *Agricultural Situation* (pages 11 and 12), the large quantities of wheat and other grains already in storage, plus new demands from this

year's crop, will make the space situation a serious one, especially in areas of heavy production. And this is true, despite the strenuous efforts of the Department of Agriculture and commercial warehousemen to provide extra space.

Much of the storage gap, of course, may be filled by action of farmers themselves in providing their own farm storage. Farmers may find it to their advantage to do some checking between now and harvest.

Check first with the warehouseman. If warehouse space is not available, the next step is to see what can be done about providing your own farm storage. Storage on your own farm is one way of being sure that you have a place for your wheat. Programs now available that will help to cover the cost of such storage were explained in last month's issue of the *Agricultural Situation*, so we merely mention them here—

Farm storage facility loans can be used to finance up to 80 percent of the cost of new storage. Federal income tax permits amortization of the grain storage structure's cost over a 5-year period. Storage equipment loans are available to finance up to 75 percent of the cost of drying equipment.

As a farmer, it may prove to be good business on your part to provide adequate wheat storage not only this year but for future years. Remember, if you take steps now to assure suitable wheat storage, you will help to stabilize the wheat market. You will be able to market in an orderly manner. And you will avail yourself of the full benefits of the price support program.

"Reseal" Program for Farm-Stored Wheat

FARMERS in many areas who have 1953 crop farm-stored wheat under price support will be eligible to reseal their wheat. They will receive a storage payment equivalent to rates paid to commercial warehousemen under the 1954 Uniform Grain Storage Agreement. This "reseal" program is designed to retain wheat in storage near the original point of production and to ease warehouse storage pressures. Producers holding wheat on their own farms for another year earn a storage fee that will also help to pay the cost of new facilities—*Commodity Stabilization Service, USDA.*

Big Acreage Shifts Expected This Year

Farmers Study Early Intentions Report as Guide in Completing Their Planting Plans

A GENERATION OF FARMERS has had the guidance of Prospective Plantings reports. The 31st in this series of annual acreage reports, issued on March 19 by the *Crop Reporting Board, AMS*, again offers farmers a "point of departure" in completing their plans for spring planting.

In 1954, departures from announced plans as of March 1 appear likely to be greater than usual. Major changes from 1953 plantings were indicated in the report, because of an "early spring," knowledge of acreage allotments for wheat, peanuts, and tobacco; and because of partial information about allotments for cotton and corn, prices, and other factors. Since reporting on their plans, farmers have received their individual farm allotments for cotton and corn, which could cause further major changes.

Reductions in acreage of wheat will be sharp—cuts of over 10 million acres in winter wheat indicated last December and 5½ million acres in spring wheat planned in March. Potato acreage is expected to be reduced about a tenth. The reduction in corn acreage was relatively small, only 366,000 acres, whereas acreage allotments aimed at a reduction of about 10 million acres. Some reductions were made in the "commercial corn area" to which allotments applied, but these were nearly offset by increases elsewhere. No report is made on cotton at this time, but if allotments are observed, reductions of about 4 million acres will result. Changes were small for sweetpotatoes, peanuts, and tobacco.

Increases for Oats, Barley, Flax, Sorghums, and Some Other Crops

Despite these reductions — which could total nearly 20 million acres— farmers' reports show that they plan to continue heavy production of crops. For the 16 crops covered in the Pro-

(*Continued on page 10*)

"Bert" Newell's Letter . . .

To Crop and Livestock Reporters

THE GOOD OLE DAYS! Oh boy! Wasn't it nice when things were simple? We didn't have to worry about getting that darn pump motor fixed, wrestling with a balky tractor, cleaning up the milking machines, sending to town for new fuse plugs to make this or that new fangled gadget work.

Everything's so complicated nowadays. You get out on the highway, and the first thing you know you've got to watch out for these small towns that insist on putting up "35-mile limit" signs. And to slow down to 35 seems like you've just stopped moving at all. Then there's the radio and the TV . . . something's always got to be done to them. And the kitchen gadgets! My wife, right now, wants me to see what's the matter with her mixer.

Now in the *good ole days*, we didn't have a lot of these things to worry about. Gee, it was great to roll out of bed about 4 o'clock on a cold and frosty morning to stir up the kitchen fire, your night shirt flapping around your shivering knees. It just added to the fun, of course, to find out that you had forgotten to bring in any kindlin'. All you had to do, of course, was to slip down to the woodpile, knock the snow off the top, and pick out a few good dry chunks to split up for kindlin'.

Then, I can't forget how much fun it was to get the teakettle out to the pump and listen to the ice pop (or was it my teeth chattering?) as the plunger thawed out so we could get some fresh water. Again, just think, how romantic it was trudging along behind a one-row cultivator; and how sad it is the hay loader has nearly done away with the long-handled hay fork we used to just love to wield . . . the thermometer registering around a hundred.

Then the Model T! I almost forgot that. Of course, it always started on the first twist of the crank; that is, unless you forgot to retard the spark and it kicked you up against the side of the shed. Oh well, *the good ole days!* Life was pretty simple then. Or was it?

Every now and then I get to thinking about my first years in this crop and livestock reporting work, and begin to wish things were as simple as they used to be.

Looking back, it seems that a report was a fairly quiet sort of thing . . . that is, until I really get into the record; then, I realize it was awfully serious business. All of us were just as much concerned then as we are now about getting the facts down and interpreted so that everybody could understand them.

Of course, nowadays these statistics we put together are used in so many more ways than they used to be. We put out a report, and within a matter of minutes almost, any farmer, banker, or businessman can snap the switch to his radio set and have the report at his disposal. Reports have to cover a lot more things than they used to . . . new crops, and many new uses for those crops.

Just take the growth in the soybean production and the myriad of uses to which soybeans are put. Another good example is the rapid change that has taken place, in just a few years, in the production of poultry and turkeys. This sort of development has created an extensive new demand for much more detailed information than used to be required.

All of these things create new pressures on our reporting service and add to our problem of providing the information that everybody must have . . . if we are *not* to have chaos in our whole marketing and distribution work.

As it appears now, it just seems like the days aren't long enough and there ought to be 8 days in the week instead of 7 in order to get all the things done that everybody seems to want and need. But let us remember, no matter how bad things look right now, it won't be long before you and I will be looking back at them and calling them "the good ole days."

Sterling R. Newell, *Chairman*
Crop Reporting Board, AMS

What Weight Broilers?

THE AVERAGE MARKETING WEIGHT of broilers in this country is slightly over 3 pounds. But it is usually less in the South and more in the North. Texas, strangely enough, may sell 2.5 pound broilers and New England may frequently market 4-pound broilers. Why these differences in marketing weight? Are broilers being sold at the most profitable weights in each area?

A recent study indicates that the most profitable weight for broilers depends chiefly on (1) the efficiency of feed conversion and (2) the methods of production and management followed. The farmer, for instance, who grows only 1 or 2 lots of broilers a year is in a better position to grow heavy broilers than the *continuous* producer, who moves each lot as quickly as possible in order to make way for the next one.

The efficiency with which feed is converted to broiler meat is the first consideration. It now takes about 25 percent less feed to produce a 3-pound broiler than it did 20 years ago. In the following discussion it is assumed that 8 pounds of feed in 10 weeks will produce a 3-pound broiler. This is a higher than average conversion efficiency and is close to that reached by the most efficient producers. A grower operating under these conditions will obtain his maximum return at a higher weight per broiler than one whose broilers are less efficient feed converters.

With the price of broilers varying between 5 and 6 times that of feed,[1] it will pay the farmer who produces 1 or 2 lots of broilers a year to grow his birds to weights over 3 pounds. The more favorable the broiler price, compared with feed, the higher is the weight to which it pays to feed. But if a new lot is to be started as soon as

[1] Which has been true most of the time during the past 4 years. However, there are periods, as during recent weeks, when broiler prices are relatively low and the broiler-feed price ratio falls below 5 to 1. It sometimes, of course, rises above 6 to 1.

Table 1.—Emphasis on Production of Broilers in Separate Lots

Returns per broiler at specified age and weight with estimated "out-of-pocket costs"

Estimated age (days)	Weight	Feed used		Cost of chicks, fuel, mortality, and medicine [2]	Return per broiler, above out-of-pocket cost, when price per pound is [3]—	
		Quantity	Cost [1]		25 cents	30 cents
	Pounds	*Pounds*	*Cents*	*Cents*	*Cents*	*Cents*
58	2.25	5.3	26.5	21.3	8.4	19.7
62	2.50	6.2	31.0	21.6	9.9	22.4
66	2.75	7.1	35.5	21.7	11.6	25.3
71	3.00	8.0	40.0	21.9	13.1	28.1
75	3.25	8.8	44.0	22.0	15.3	31.5
80	3.50	9.8	49.0	22.3	16.2	33.7
85	3.75	11.0	55.0	22.7	16.1	34.8
90	4.00	12.3	61.5	22.9	15.6	35.6
96	4.25	13.7	68.5	23.3	14.5	35.7
101	4.50	15.4	77.0	23.8	11.7	34.2

[1] Cost of feed $5 per 100 pounds.

[2] Mortality estimated at ½ of 1 percent a week, with cost of fuel, medicine, and chicks estimated at 20 cents per chick.

[3] Out-of-pocket costs include feed, chicks, mortality, fuel, and medicine but not labor and fixed costs such as buildings, equipment, interest, taxes, and insurance. Cost of litter is estimated to offset value of manure.

Table 2.—Where Emphasis Is on Continuous Production

Annual returns above "out-of-pocket" costs at various weights and prices for broilers at specified ages

Estimated age plus 2 weeks (days)	Weight	Lots per year [1]	Broilers produced annually [2]	Annual return above out-of-pocket cost, when price per pound of broilers is [3]—	
				25 cents	30 cents
	Pounds	*Number*	*Number*	*Dollars*	*Dollars*
72	2.25	5.1	61,200	5,141	12,056
76	2.50	4.8	57,600	5,702	12,902
80	2.75	4.6	55,200	6,403	13,966
85	3.00	4.3	51,600	6,760	14,500
89	3.25	4.1	49,200	7,528	15,498
94	3.50	3.9	46,800	7,582	15,772
99	3.75	3.7	44,400	7,148	15,451
104	4.00	3.5	42,000	6,552	14,952
110	4.25	3.3	39,600	5,742	14,137

[1] Estimated number of lots of 12,000 broilers each that could be produced per year allowing 2 weeks between lots for cleaning and disinfecting broiler house and equipment.

[2] The number of broilers started for each weight would be as much higher as the mortality at that particular age required. For example, in the high feed efficiency group at a weight of 3.0 pounds it would be necessary to start (51,600 x 1.05) 54,180 in order to sell 51,600 broilers.

[3] Out-of-pocket costs include feed, chicks, mortality, fuel, and medicine but not labor and fixed costs such as buildings, equipment, interest, taxes, and insurance. Cost of litter is estimated to offset value of manure.

possible, the most profitable weight depends also on the number of lots that will produce the largest annual return.

Consider first the farmer who produces 1 or 2 lots of broilers during the year. This farmer obtains the largest return per broiler by feeding to a weight above 3 pounds when the price for a pound of broiler is 5 times or more the price of a pound of feed. The more favorable the broiler-feed price ratio, the higher the weight at which the maximum return is obtained. Table 1 shows that it pays to feed a broiler only to 3½ pounds when the selling price of broilers is 25 cents, but to 4 or 4½ pounds when the price is 30 cents per pound. If the price is lower than 25 cents, the cost of feed remaining the same, the broilers should be sold at less than 3.5 pounds, but the point is soon reached where it would not pay to produce broilers at all.

Situation Different With Continuous Producers

The second type of broiler production is the highly specialized commercial enterprise in which broilers are grown continuously, except for about 2 weeks between lots to clean and disinfect the broiler houses. The objective is to obtain the largest possible total net return for the year as a whole, rather than to maximize the return on each lot. This is illustrated in table 2.

The same feed efficiency and out-of-pocket costs per broiler are assumed as for the producer who grows 1 or 2 lots annually. The fixed costs, such as the expenses for housing, equipment, and taxes are not included because of the great variation in the cost of these items among producers. Neither is the cost of labor included. Producers of 1 or 2 lots of broilers annually use mostly family labor, but continuous producers frequently have hired help. The returns shown are, therefore, the amounts available for fixed costs, labor, and profits.

The continuous producer obtains the highest annual returns above out-of-pocket costs by selling broilers at about the same average weight within the price variation shown. If the price were higher or lower, it would change

the most profitable weight only very slightly for this type of producer. If we consider that the average broiler producer is somewhat less efficient than in this example, the usual selling weight may be fairly close to the most profitable weight.

This analysis suggests that broiler growers with only 1 or 2 lots a year, and with average efficiency, may increase their returns by growing broilers to weights above 3 pounds, especially when the price relationship of feed and broilers is favorable. In areas where there is a definite consumer preference as shown by a premium for larger broilers, as in New England, it is definitely profitable to produce heavier birds.

Continuous producers, on the other hand, cannot usually gain much advantage from higher prices by keeping their broilers to heavier weights. The continuous producer cannot easily change his pattern of production, he must order chicks for the next lot well in advance of the time they are needed and space limitations make it difficult to keep the birds longer than planned. The continuous producers are apparently obtaining the largest possible returns *with average feed efficiency* by selling the broilers at a little over 3 pounds. With continued improvement in feeding efficiency among producers, the average selling weight undoubtedly will tend to go up.

Peter L. Hansen
Agricultural Research Service

Big Acreage Shifts Expected This Year

(Continued from page 6)

spective Plantings report, the total is more than 11 million acres larger than for the same crops last year. This means that acreage increases are to be sharp for 9 spring-sown crops and hay.

Planned increases include about 3¼ million acres of oats, 4½ million acres of barley, over 800,000 acres of flax, 179,000 acres of rice, 4 million acres of sorghums, 203,000 acres of dry beans and 41,000 acres of dry peas—each up about one-seventh, nearly 2 million acres of soybeans grown alone, 152,000 acres of sugar beets and nearly 2 million acres of all hay.

Now what changes will farmers make from these reported plans? What factors will they have to consider?

For one thing, provision for increasing allotments to permit planting of milling durum wheat could lead to upward adjustment by as much as 1½ million acres. This would occur in an area where sharp increases were planned in oats, barley, and flax. But fear of repetition of rust damage could deter growers from durum wheat increases.

If prospective acreages of corn, oats, barley, and sorghums should be planted, and *if* yields should be about equal to the 1948–52 average, production of feed grains could be computed at about 123 million tons. This outturn would be larger than in any of the last 5 years, when we have been building up burdensome surpluses, particularly of corn. Producers will have to consider what effect this could have on feed grain prices, on the increased need for storage facilities, and on future production programs.

The increased acreage of soybeans and flaxseed could provide needed oilmeal for livestock feeding, but it could also add to the surplus of oils. The effect of this increase on prices will need to be considered by farmers in altering plans.

By planting time, there will be less uncertainty about soil moisture, especially the shortage of subsoil reserves in large portions of the country, and the probability of irrigation water supplies. The farm labor situation appears to have eased some, farm equipment is adequate, fertilizer supplies will be somewhat larger than last year. Seed supplies appear to be adequate, except perhaps for good soybean seed.

Will farmers utilize all their land for crops, or will more be summerfallowed and put into grasslands? What will they do with the acreage if they reduce their corn more in line with the country's needs?

These are some of the major conditions and problems faced by individual farmers. Their responses will be reflected in the next acreage report to be issued July 9.

Harold R. Walker
Agricultural Marketing Service

Outlook Highlights

(Continued from page 2)

Slaughter this year has been running far below year ago and prices have been highest in several years. Slaughter will catch up with or pass year-ago levels in the second half of 1954 when hogs raised this spring will begin to be sold. Seasonal decline of prices next fall probably will be greater than usual, but prices are likely to stay favorable for hog production. Danger is that the present favorable corn-hog ratio may lead to overexpansion, and to much lower prices next year. Ratio has been above average for a year; was 32 percent above in February. In most past years, above-average ratios have led to increased hog output.

Seasonal declines in prices of cattle are expected this spring. Fed cattle prices though declining this spring, probably will not drop as much as last year and probably will stay above the low point of last June.

Dairy Products

Milk production continues above a year earlier. Prices for both fluid and manufacturing use are declining as usual at this season of the year.

Poultry and Eggs

Broiler producers have not reduced output materially despite the slump in prices in recent months. Chick placements in several areas continued near record levels into March, indicating broiler slaughter will continue high in April and May.

Egg prices began their decline later than usual this year, but by mid-March prices were generally below a year earlier. However, returns this spring are expected to be attractive enough to cause farmers to raise more chicks for layer replacement than last year. The hatch of chicks has been running above a year earlier.

Turkey hatchings also have been at a high rate and a large number of breeders are available. This points to a larger crop than in 1953 and it may exceed the 1952 record.

Feed

Farmers had placed 292 million bushels of 1953 corn under price support through February 15. In addition, 550 million bushels of old corn were under loan or owned by CCC. Prices continue below support levels. Feed grain prices have been fairly steady in recent weeks while soybean meal and some of the other high protein feeds have advanced.

Wheat

The CCC had about 550 million bushels of wheat under loan and purchase agreement on January 31. An additional 430 million bushels from previous crops were owned by CCC on March 4. The 754 million bushels not under support programs this season is less than is expected to be used in the United States and exported. Wheat prices in early March were at the highest levels of the season.

Fruits and Vegetables

Supplies of Florida oranges for marketing this spring are somewhat larger than a year ago while quantity of California navel oranges is moderately lower. Production of frozen orange concentrate in Florida through February 20 of this season was about 50 percent above a year earlier.

USDA guides for processing crops suggest a 5-percent reduction from last year in total acreage planted. Commercial stocks of frozen vegetables and most major canned items are larger than a year earlier.

Higher prices than last year are in prospect for new potatoes this spring because of expected reduction in production. Prices for 1953 crop potatoes remain well below a year ago.

Cotton

Cotton prices have risen above loan levels and some cotton has been redeemed from loan. CCC stocks (owned, in producers' pools and pledged as collateral against loans) declined from the peak of 8.4 million bales on February 12 to 8.3 million on March 12.

Tobacco

Firm demand is the outlook for tobacco in the year ahead. About as much as last year is expected to be used in cigarettes, cigar, smoking tobacco, and snuff. Continuation of the downtrend in use of chewing tobacco is likely. Exports of unmanufactured tobacco are expected to be favorable compared with most prewar years, though down a little from 1953.

A Word for the Little Farmer

(*Continued from page 2*)

tion, and assistance which will help them to make better use of their labor and farm resources.

As to the first of these ways, many can be helped easily and inexpensively. Some of those we seek to help may never try to do any better, and some may not be able to improve greatly even if they do try. Perhaps the very fact that a person is not capable of doing many simple things which require no more than coordinated use of the hands, causes him to become discouraged and eventually to become entirely indifferent to possible progress. Such persons need help and encouragement early in life. Properly organized assistance often would help greatly to develop "slow people" who must do their own work and who find it so difficult to do things which are so easily and quickly done by many persons. The drudgery of making a living under trying conditions, with meager resources and natural inability to do things easily and well, often may be greater than we think. If we can do no more than help to lessen this drudgery through early training and to increase the income moderately, we will have done much to help such persons live a more comfortable and wholesome life. Part of this training should point the way to enterprises that can be carried out on a small scale.

This brings us to the second point—what to do and how to manage. There are several ways whereby low-income farmers can benefit through better use of their family labor and other resources—if they have the desire, know what to do, and have a reasonable amount of assistance in getting started.

Use of More Land: Most farmers know that an economic farm unit is one that will make good use of a set of modern equipment and the family labor supply. And so the general tendency for many years has been for average size of farms to increase as operators enlarged their farm by buying or renting more land. Where this is possible, it is an excellent way to bring the home farm up to an economic unit in size. But it is obvious that such opportunities are not generally available, especially in areas where the farms are hilly and the bottom lands narrow.

To some extent, this lack of crop land often can be overcome by clearing wood land, brush land, and fence rows, by reclaiming eroded and gullied land, and by draining swamp and marsh lands. On many small farms a few acres so prepared for intensive crop production will add several hundred dollars to the farm income.

More Production Per Acre: By increasing yields per acre, many small farmers can increase the size of their business substantially. For example, if yields are increased by half, or doubled, on 40 acres of crop land the result in production is equivalent to increasing the crop acreage to 60 or 80 acres at the old level of yields. And, if along with this improvement, the old pasture field of weeds and some grass is renovated and reseeded, so that it produces 2 or 3 times the quantity of pasturage formerly grown, the size of business has been increased by 50 percent, or doubled, without taking on additional land.

Such land improvements take time and money. Usually we think of the costs of getting higher yields as including lime, fertilizer, and improved seeds. But on many hilly farms contour and strip cropping, and improved crop rotations are also necessary for best results. And under some conditions surface and subsurface drainage will help to make an unproductive field produce well. In humid areas where hot, dry summers prevail, supplemental irrigation is one of the up-to-date ways of being sure of good crops year after year. Because of the cash outlay often necessary to increase crop yields, such programs designed to assist low-income farmers should be based on results of research to determine costs and benefits under given situations.

Keep More Livestock: Increased production of feed grains, forage crops, and pasture lay the foundation for more livestock production. With more feed at hand the farmer may find it advisable to feed his animals better, to take on additional numbers, to add an additional kind or to substitute a more intensive type. Where pasture and winter forage supplies are available, it may be good business to increase production

by buying additional supplies of feed grain and high protein supplements. In some cases, broiler and egg production are ways of doing a good-sized business on a small piece of land.

Develop More Intensive Types of Farming: Too often, perhaps, small farmers with only a little crop land attempt to follow the same system of farming that is followed by the larger farmers in the neighborhood. One such system for example, often followed in much of the North, may be the growing of feed crops, some grain for sale, and whatever livestock can be pastured and fed—principally with grain raised on the home place. Often, the practice may be a carryover from the days when horses were used for power, when the farmer grew his own horse feed, and only had access to limited markets.

But, in many areas of small farms these conditions have changed. It may pay well to look into local possibilities for producing intensive enterprises on a part of the land on which corn and hay were once grown for the horses.

A small field of strawberries, early tomatoes, early sweet corn, snap beans, lima beans, and so on, often may return more cash than all the rest of the crop sales. A small well handled orchard of peaches, plums, cherries, or apples may pay very well if arrangements can be made for spraying the trees thoroughly at reasonable cost.

Poultry for eggs and meat, turkeys, and even rabbits are enterprises which often are well suited to small places, especially if plenty of family labor is available.

Sell to Better Advantage: Attractive fresh eggs, sweet corn fresh from the field, firm tomatoes ripened on the vine, and other products of quality command premium prices. And where they are sold direct to consumers, maximum prices may be realized.

Roadside markets often afford such opportunity. Special outlets, to city dwellers, restaurants, or hotels often can be established to advantage. Under some conditions, customers once established will come regularly to the farm when the peaches, strawberries, tomatoes, or grapes are ripe, or at regular intervals for fresh eggs and poultry. Products processed at home or on a community basis—such as quality country hams, dressed chickens, rabbits, turkeys, and rendered honey—bring top prices.

The watch word is "quality" . . . for each of the products sold locally or sent to established outlets in the more distant markets. Generally, the consumer will pay well for quality products handled by reliable people.

Keep Busy at Productive Work: Many low-income families are hard workers. The trouble is that much of their work is not very productive. There is nothing more time-consuming for what you get then a little place with steep, stony crop land, broken into small irregular-shaped fields. Many such fields require double or treble as much time to produce a given crop as that used on our better agricultural lands. Much additional time per unit has to be spent in keeping the pastures free of brush, weeds, and briars, reducing damage from erosion, mending fences and hauling "dabs" of fertilizer and other farm supplies. It takes almost as much time to bring in from pasture the 2 or 3 family cows as it does to fetch a herd of 20 to 40 good milkers.

However, it is surprising how labor requirements can be reduced on small farms with fields suitable for power equipment.

For example, in the horse-farming days, the 2-horse or 3-horse *Northern* farm required long hard work of the family to produce enough to maintain itself and to have a little extra to sell. It was just about a full year's work for each and every year. Nowadays, with a set of modern machines, the same little farmer can do all his farm work in a third to a half the time it once took.

The farmer today has his tractor, plow, disk, harrow, drill, planter, cultivator, mower, rake, manure spreader, trailer, electric pump and water system, lights in and around the buildings, and access to custom operators for combining, baling, and corn picking. In more and more places he can use his spare time to work off the farm.

And in this way, measured in terms of total cash income, he can increase the size of his business by two to fourfold. If he is skilled, he may be able to earn in his neighborhood or nearby town, as much as $1.50 to $2.50 per hour for his work. On the other hand, he may be lucky to earn 50 cents to 75 cents for each hour devoted to his farm work.

This is precisely what is happening on many of the 3⅓ million small-scale

farms. And this is one of the reasons why many of these families are getting along fairly well although generally thought of as "poor farmers."

The cost of buying the tractor and tractor machines required for this kind of farming is considerable. If we were to divide the machinery cost by the acres of crop land found on these small farms, or by the dollars of gross farm income, and stop there, as many persons do, we would conclude that the farms were overstocked with machinery or perhaps very inefficiently operated. But if we divide the machinery cost by the farmer's *total income* we get an entirely different impression of what these small farmers actually are doing. Realizing this, some of us may need to revise our opinions of what constitutes a *good farm* in some of our areas of low resources—maybe it's a part-time farm.

An intensified program of research and assistance directed at these and other problems of the farmer with modest resources seems much worthwhile. Such a program *should not overlook basic principles of farm reorganization to permit off-farm work when practicable.*

It may well be that we will get much further this way in helping some of our small-farm families—i. e., by helping them to make better use of what they have—than by continuing to proclaim the great need for more adequate land and other capital resources. And as we said in the beginning, merely a modest increase in income, and less hard work, may help greatly to increase the happiness and well being of many hard working small-scale farm families.

Martin R. Cooper
Agricultural Research Service

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Agricultural Marketing Service. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		March 15, 1953	Feb. 15, 1954	March 15, 1954	Effective parity price Feb. 15, 1954 [2]
	Base period price [1]	January 1947–December 1949				
Basic commodities:						
Cotton, American upland (pound)...cents	[3] 12.4	31.21	31.52	30.42	31.05	34.97
Wheat (bushel)...dollars	[4] .884	2.14	2.10	2.06	2.09	2.49
Rice (cwt.)...do	1.94	5.38	6.88	5.33	5.18	5.49
Corn (bushel)...do	[4] .642	1.64	1.46	1.43	1.44	1.81
Peanuts (pound)...cents	[4] 4.8	10.2	11.1	11.2	11.1	13.5
Designated nonbasic commodities:						
Potatoes (bushel)...dollars	[5] .539	1.60	1.42	.653	.532	1.53
Butterfat in cream (pound)...cents	26.5	71.2	66.6	65.1	62.8	75.0
All milk, wholesale (100 lb.) [6]...dollars	1.68	4.42	4.40	4.21	[7] 4.01	4.75
Wool (pound)...cents	[8] 2.09	46.0	53.4	53.1	52.1	59.1
Other nonbasic commodities:						
Barley (bushel)...dollars	.484	1.37	1.32	1.15	1.14	1.37
Cottonseed (ton)...do	25.50	71.60	63.60	51.40	50.50	72.20
Flaxseed (bushel)...do	1.60	5.54	3.63	3.47	3.60	4.53
Oats (bushel)...do	.311	.852	.783	.781	.781	.880
Rye (bushel)...do	.605	1.82	1.58	1.16	1.14	1.71
Sorghum, grain (100 lb.)...do	[4] 1.21	2.53	2.66	2.32	2.40	[9] 2.56
Soybeans (bushel)...do	1.00	2.84	2.81	2.97	3.22	2.83
Sweetpotatoes (bushel)...do	.988	2.36	4.01	2.58	2.52	2.80
Beef cattle (100 lb.)...do	7.50	20.20	17.80	16.20	16.60	21.20
All chickens (pound)...cents	10.6	29.3	[10] 27.4	22.4	23.1	30.0
Eggs (dozen)...do	16.6	46.6	44.7	45.7	38.7	47.0
Hogs (100 lb.)...dollars	7.34	21.90	20.20	25.30	24.70	20.80
Lambs (100 lb.)...do	8.16	21.90	20.30	19.10	20.90	23.10
Calves (100 lb.)...do	8.28	22.60	20.60	18.10	17.90	23.40
Oranges, on tree (box)...do	[5] 2.29	1.23	1.40	1.01	1.18	[9] 3.09
Apples (bushel)...do	1.00	2.39	3.35	3.27	3.20	2.83
Hay, baled (ton)...do	[4] 11.87	22.40	24.40	23.70	23.10	[9] 25.10

[1] Adjusted base period prices 1910–14 used for computing parity prices. Based on 120-month average January 1944–December 1953 unless otherwise noted.
[2] Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.
[3] 60-month average, August 1900–July 1914 for all cotton.
[4] 60-month average, August 1909–July 1914.
[5] Adjust base period price 1910–14 derived from 10-season average prices 1944–53.
[6] Prices received by farmers are estimates for the month.
[7] Preliminary.
[8] 10-season average 1919–28.
[9] Transitional parity, 75 percent of parity price computed under formula in use prior to Jan. 1, 1950.
[10] Revised.

Economic Trends Affecting Agriculture

Year and month	Industrial production (1947–49=100)[1]	Total personal income payments (1947–49=100)[2]	Average earnings of factory workers per worker (1910–14=100)	Wholesale prices of all commodities (1910–14=100)[3]	Index numbers of prices paid by farmers (1910–14=100)			Index numbers of prices received by farmers (1910–14=100)[3]			
					Commodities	Wage rates for hired farm labor[4]	Commodities, interest, taxes and wage rates[5]	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All livestock
1910–14 average	-------	-------	100	100	100	100	100	100	100	100	100
1925–29 average	53	-------	232	143	151	184	161	161	155	145	152
1935–39 average	54	40	199	118	124	121	125	119	110	117	116
1947–49 average	100	100	462	225	240	430	250	275	229	334	292
1950 average	112	112	518	232	246	425	256	249	186	340	280
1951 average	120	126	563	258	271	470	282	286	228	409	336
1952 average	124	133	592	251	273	503	287	302	206	353	306
1953 average	134	141	624	247	262	513	279	273	221	298	273
1953											
March	135	140	627	247	265	-------	282	276	217	301	274
April	136	140	622	246	264	508	280	263	219	299	270
May	137	141	624	247	264	-------	280	256	218	317	277
June	136	142	624	246	260	-------	277	255	213	300	267
July	137	142	622	249	261	514	279	261	223	319	280
August	136	142	625	248	262	-------	279	265	229	305	276
September	133	142	623	249	259	-------	277	275	230	299	276
October	132	142	625	248	258	515	276	282	234	273	266
November	129	142	624	247	259	-------	277	288	224	267	263
December	[6] 126	141	627	247	260	-------	278	282	218	285	269
1954											
January	125	140	618	249	263	525	282	274	213	309	277
February	123	-------	616	248	264	-------	282	267	208	315	277
March	-------	-------	-------	-------	264	-------	283	257	188	361	271

Year and month	Index numbers of prices received by farmers (1910–14=100)								All crops and live stock	Parity ratio[6]
	Crops									
	Food grains	Feed grains and hay	Tobacco	Cotton	Oil-bearing crops	Fruit	Commercial vegetables	All crops		
1910–14 average	100	100	100	100	100	100	-------	100	100	100
1925–29 average	140	118	169	150	135	146	145	143	148	92
1935–39 average	94	96	172	87	113	91	107	98	108	86
1947–49 average	246	230	384	264	318	183	249	247	271	108
1950 average	224	193	402	282	276	194	211	233	258	101
1951 average	243	226	436	336	339	181	269	265	302	107
1952 average	244	234	432	310	296	191	274	267	288	100
1953 average	231	208	429	268	274	206	240	242	258	92
1953										
March	247	215	424	268	291	209	267	252	264	94
April	244	213	424	267	289	207	233	246	259	92
May	242	212	426	269	286	206	259	247	263	94
June	222	204	425	267	280	219	298	246	257	93
July	218	204	426	270	268	193	252	237	260	93
August	215	205	430	278	263	185	207	232	255	91
September	219	207	452	280	251	204	191	235	257	93
October	223	194	439	275	255	189	198	229	249	90
November	229	195	433	269	263	205	218	234	249	90
December	230	205	427	260	269	237	224	238	254	91
1954										
January	233	207	420	254	268	222	271	240	259	92
February	236	208	443	258	269	210	233	237	258	91
March	238	208	443	263	275	212	246	239	256	90

[1] Federal Reserve Board: represents output of mining and manufacturing; monthly data adjusted for seasonal variation.
[2] Computed from reports of the Department of Commerce; monthly data adjusted for seasonal variation.
[3] Bureau of Labor Statistics.
[4] Farm wage rates simple averages of quarterly data, seasonally adjusted.
[5] Revised.
[6] Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis.

Dairy Farmers Under Reduced Price Supports

(*Continued from page 4*)

last 4 months the annual rate of milk production in the United States has been nearly 130 billion pounds.

Why the Surplus?

Per capita production of milk turned upward moderately in 1953 but was still lower than in any other year prior to 1951. Per capita consumption of a number of items is above the pre-World War II level. Yet we have had an unprecedented surplus of dairy products.

The main reason has been the decline in demand for butter; consumption per person now is about half what it was prior to World War II. If consumption of butter were as great as in prewar years and with consumption of the other dairy items at present levels, the U. S. demand for milk would be 26 billion pounds per year greater than last year's consumption. In other words, there would be about 145 billion pounds of milk needed as compared with production last year of 121 billion pounds. The long-term outlook suggests no increase in demand for milk fat and possibly there will be some further decline. If the decline in consumption of butter per person were half as much in the next 20 years as it has been in the last 15, requirements for milk as far ahead as 1975 (assuming no material change in demand for other dairy items) could be approximately met without any increase in milk output over this year's prospective level.

To support prices to farmers an unprecedented quantity of dairy products has been purchased in the past marketing year. In the 12 months ended March 31, the Department bought an estimated 370 million pounds of butter, 473 million pounds of cheese and 670 million pounds of nonfat dry milk solids. These are equivalent to 12 billion pounds of whole milk or about 10 percent of the milk produced in the 12 months. Estimated supplies owned by the Commodity Credit Corporation on March 31 from the 2 preceding marketing years consisted of 354 million pounds of butter, 494 million pounds of cheese and 600 million pounds of nonfat dry milk. These butter and cheese supplies include contracts for purchases in March which will be resold to the trade in April at the lower level of prices.

The authority and requirements for price support on dairy products is contained in the Agricultural Act of 1949. This law states that dairy products "shall be supported at such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply."

The solicitor of the Department of Agriculture has ruled that, in view of this section of the law and in the light of the present supply situation, the level of support could not legally be fixed higher than 75 percent of parity for the marketing year which began April 1, 1954 and which will end March 31, 1955.

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Agricultural Marketing Service

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